

Message Text

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PAGE 01 OTTAWA 01611 312117Z
ACTION TRSE-00

INFO OCT-01 EUR-12 ISO-00 XMB-04 SSO-00 EB-08 COME-00
H-02 INRE-00 USIE-00 AID-05 CIAE-00 FRB-01 INR-10
NSAE-00 OPIC-06 SP-02 LAB-04 SIL-01 OMB-01 /057 W
-----067064 312121Z /75

O 312114Z MAR 78
FM AMEMBASSY OTTAWA
TO SECSTATE WASHDC IMMEDIATE 6869
INFO AMEMBASSY BRUSSELS
AMEMBASSY PARIS

UNCLAS OTTAWA 01611

BRUSSELS FOR EEC

PARIS FOR OECD

DEPT. PASS TREAS, EXIM

E.O. 11652:N/A
TAGS: EFIN, ETRD, CA
SUBJECT: MIXED CREDITS

REF: STATE 75697

1. CANADIAN PRACTICES AND POLICY CONCERNING USE OF MIXED CREDITS AND TIED, NON-ODA AID CREDITS REQUESTED REFTEL ARE AS FOLLOWS:

A. MIXED CREDITS: GOC DEFINES A "MIXED CREDIT" AS THE BLENDING INTO A SINGLE LOAN OF COMMERCIAL AND OFFICIAL EXPORT CREDITS. ACCORDING TO THIS DEFINITION, THE GOC DOES NOT EMPLOY MIXED CREDITS. HOWEVER, GOC DOES EMPLOY A PRACTICE TERMED "PARALLEL FINANCING". PARALLEL FINANCING INVOLVES THE ESTABLISHMENT OF SEPARATE LINES OF CREDIT BETWEEN BORROWING COUNTRIES AND THE EXPORT DEVELOPMENT

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CORPORATION (EDC) AND CIDA. DRAWDOWNS BY RECIPIENTS ON LINES OF CREDIT WITH CIDA MUST BE FOR DEVELOPMENT PURPOSES AND MUST BE MADE PARI PASSU WITH DRAWDOWNS ON EDC CREDIT LINES TO ENSURE A BALANCED USE OF HIGHLY CONCESSIONAL AND LESS CONCESSIONAL FUNDS. REPAYMENT OBLIGATIONS ON THE TWO LINES OF CREDIT ARE SEPARATE. THUS, IN GOC VIEW, THE COORDINATED USE OF EDC AND CIDA LINES OF CREDIT IS CONCEP-

TUALLY DISTINCT FROM A MIXED CREDIT.

PARALLEL FINANCING ARRANGEMENTS HAVE BEEN MADE WITH INDONESIA AND JAMAICA. FOR INDONESIA, THE EDC CREDIT LINE IS CDOLS 185 MILLION AND THE CIDA LINE IS CDOLS 15 MILLION. THE EDC AND CIDA LINES OF CREDIT IN JAMAICA ARE CDOLS 65 MILLION AND CDOLS 10 MILLION RESPECTIVELY. THE CREDIT LINE FOR JAMAICA WAS ESTABLISHED IN 1976; THAT FOR INDONESIA, IN 1975.

B. TIED NON-ODA AID CREDITS: CANADIAN BILATERAL AID IS HIGHLY CONCESSIONAL. THERE ARE NO LOANS WITH A GRANT ELEMENT LESS THAN 25 PERCENT. PLACKE

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NNN

Message Attributes

Automatic Decaptoning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
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Draft Date: 31 mar 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 jan 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Handling Restrictions: n/a
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ISecure: 1
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Message ID: fe0538be-c288-dd11-92da-001cc4696bcc
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Original Classification: UNCLASSIFIED
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Review Withdrawn Fields: n/a
SAS ID: 3217851
Secure: OPEN
Status: NATIVE
Subject: MIXED CREDITS
TAGS: EFIN, ETRD, CA
To: STATE
Type: TE
vdkvgwkey: odbc://SAS/SAS.dbo.SAS_Docs/fe0538be-c288-dd11-92da-001cc4696bcc
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